

STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

January 25, 2008

Ref. No.: GLS-5264

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

HAWAII

Consent to Assign General Lease No. S-5264, Emmis Television Broadcasting, LP., Assignor, to HITV Operating Co., Inc., Assignee, Humuula, North Hilo, Hawaii, Tax Map Key: 3rd/ 3-8-01: 11

APPLICANT:

EMMIS TELEVISION BROADCASTING, L.P., as Assignor, to HITV OPERATING CO., INC., a foreign profit corporation, whose business and mailing address is 1100 Wilson Blvd., Suite 3000, Arlington, VA 22209, as Assignee.

LEGAL REFERENCE:

Section 171-36(a)(5), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government (crown) land situated at Humuula, North Hilo, Hawaii, identified by Tax Map Key: 3rd/ 3-8-01: 11, consisting of approximately 2.038 acres, as shown on the attached map labeled Exhibit A.

AREA:

2.038 acres, more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CHARACTER OF USE:

Microwave T.V. Relay Station purposes.

TERM OF LEASE:

25-years, commencing on July 8, 1993 and expiring on July 7, 2018. Last rental reopening occurred on July 8, 2003; next rental reopening is scheduled for July 8, 2008.

ANNUAL RENTAL:

\$16,350.00: Due in semi-annual installments of \$8,175.00, on the Eighth of January and July, of each and every year.

CONSIDERATION:

\$12,374.00.

RECOMMENDED PREMIUM:

None. Staff Appraiser has determined that there are no premiums due the State.

DCCA VERIFICATION:

ASSIGNOR:

Place of business registration confirmed:	YES
Registered business name confirmed:	YES
Good standing confirmed:	YES

ASSIGNEE:

Place of business registration confirmed:	YES
Registered business name confirmed:	YES
Good standing confirmed:	YES

REMARKS:

Subject site was originally encumbered under Revocable Permit No. S-1630, commencing on 6/1/56, to the Hawaiian Broadcasting System, Ltd., for microwave T.V. Relay Station purposes.

Through public auction held on August 11, 1958, General Lease No. S-3573 was awarded to the Hawaiian Broadcasting System, Ltd., as the highest bidder. The 21-year lease included requirements for construction of improvements for microwave T.V. relay station facilities at a cost of not less than \$19,000.00 within one-year of execution of the lease.

By mesne conveyances, General Lease No. S-3573 was under Lee Enterprises, Inc. at expiration of subject lease and during a one-year holdover. Assignments of Lease were as follows:

Lessee/Assignor	Assignee	Effective date/ Bd Action
State of Hawaii	Hawaiian Broadcasting System	8/11/58: Auction
Hawaiian Broadcasting System	Pacific Broadcasting Company	6/7/65
Pacific Broadcasting Company	Heftel Broadcasting Corp	1/22/73: Name change
Heftel Broadcasting Corp.		1/11/80, F-2; Hold-Over 11/8/79-11/7/80
Heftel Broadcasting Corp.	Lee Enterprises, Inc.	10/10/80, F-1-e

At its meeting of 8/8/75, Item F-1-c, the Board consented to the sublease between Heftel Broadcasting Corp, Sublessor, to the Hawaii Medical Association-Emergency Medical Services Program and Department of Health, as Sublessee, covering a portion of the demised premises.

At its meeting of 12/19/80, Item F-1-a, the Board approved Revocable Permit No. S-5933 to Lee Enterprises, Inc., for operation and management of microwave T.V. relay station facilities. Periods covering 12/19/80 to 7/8/93.

General Lease No. S-5264, a 25-year lease for Microwave T.V. Relay Station site was awarded to Lee Enterprises, Inc., as the successful bidder at a public auction held on July 8, 1993.

At its meeting of August 12, 2005, the Board of Land and Natural Resources, under Item D-5, approved Consent to Assignment of General Lease No. S-5264, Lee Enterprises, Inc. to Emmis Television Broadcasting, LP.

On June 29, 2007, received a letter of request from a Jill Frazen, Senior Legal Assistant of Wiley Rein, L.L.P., along with an application signed by Gary Marshall of KGMB-TV, request for consent to assignment of General Lease No. S-5264, Emmis Television Broadcasting, L.P., Assignor, to HITV Operating Co., Inc., Assignee.

This Assignment and Assumption is made pursuant to that certain Asset Purchase Agreement dated February 20, 2007 among Assignor, certain affiliates of Assignor, and Assignee, with respect to television stations: KGMB-TV (Honolulu, Oahu), KGMV-TV (Wailuku, Maui), and KGMD-TV (Hilo, Hawaii).

Staff reviewed the file and can report that for the past two (2) years, the annual rent is current. To date, although Emmis Broadcasting is shown as the Insured on the Certificate of Liability Insurance, the State is named as additional insured on the policy, which recently expired on September 1, 2007. The Lessee has never been cited for any other illegal or unlawful activity on the State property. HITV Operating Co., Inc., will submit a performance bond and certificate of liability insurance once the consent to assignment

is finalized with lease verified in its name, so bondholder may process as required.

HITV Operating Co., Inc., has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

Last rental reopening occurred on July 8, 2003; next rental reopening is scheduled for July 8, 2008. There is no outstanding rental reopening issues.

The Office of Hawaiian Affairs (OHA) was solicited for comments. OHA had no comments to offer. No other agency or community comments were solicited, as there will be no change in encumbrance or land use, but merely a change in management.

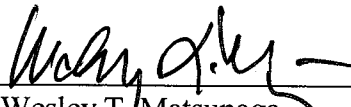
This site's continuing land use commenced prior to the creation and regulation of land uses within the State Conservation Districts in 1964. Therefore, the present and future use of the subject site for telecommunications facility purposes is "grand-fathered" and not subject to the filing of a Conservation District Use Application.

RECOMMENDATION:

That the Board consent to the assignment of General Lease No. S-5264 from Emmis Television Broadcasting, L.P., as Assignor, to HITV Operating Co., Inc., as Assignee, subject to the following:

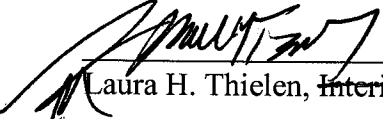
1. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
2. Review and approval by the Department of the Attorney General; and
3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Wesley T. Matsunaga
Land Agent

APPROVED FOR SUBMITTAL:



Laura H. Thielen, ~~Interim~~ Chairperson

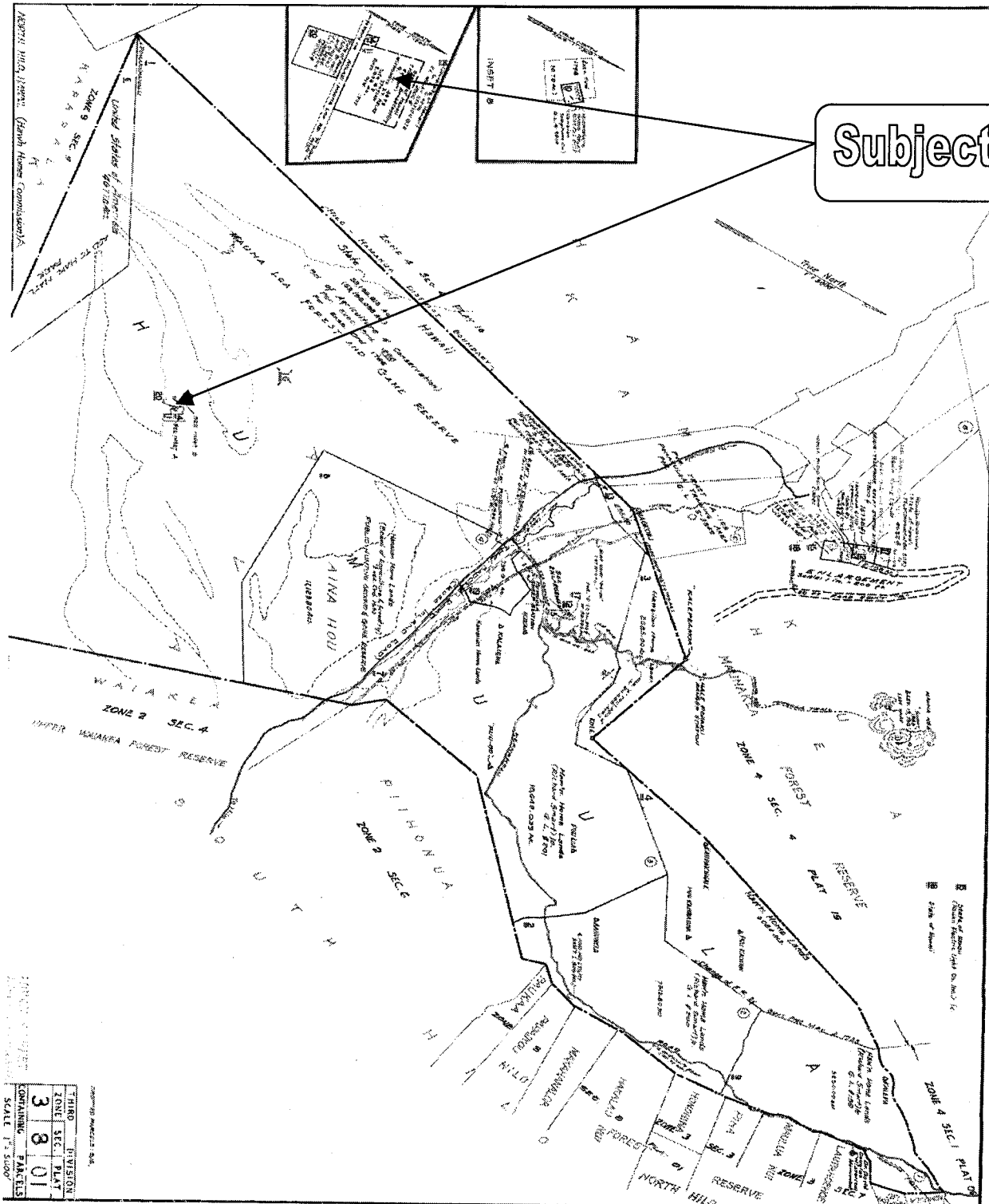
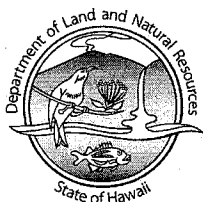


EXHIBIT A



STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
LAND DIVISION

POST OFFICE BOX 621
HONOLULU, HAWAII 96809

October 19, 2007

MEMORANDUM

TO: Laura H. Thielen, Chairperson

THROUGH: Russell Y. Tsuji, Land Division Administrator

FROM: Cyrus C. Chen, Real Estate Appraisal Manager *Cyrus Chen*

SUBJECT: In-House Valuation Recommendation – Assignment of General Lease S-5264 from Emmis Broadcasting, Inc. to HITV Operating Co., Inc.

GL No.: S-5264
Applicant: Emmis Broadcasting, Inc.
Location: Humuula, N. Kona, Hawaii
Land Area: 2.038 acres
Tax Map Key: (3) 3-8-01: 11
Char. of Use: Microwave television relay station

We have been requested to calculate the assignment of lease premium, if any, pursuant to the Assignment of Lease Evaluation Policy. The improvement and trade fixture costs were obtained from the lessee. According to HDLO, these figures were determined by an independent consultant so staff assumes these are relatively accurate. The figures are similar to those used for an assignment calculation two years ago when the lease was assigned to Emmis Broadcasting, Inc. from Lee Enterprises. For the current assignment, the holding company is changing in name only.

Net consideration		\$12,273
Improvement cost	\$14,343	
Trade fixture cost	<u>\$13,992</u>	
Total improvement and trade fixture cost	\$28,335	
Less depreciation	<u>(\$11,054)</u>	
Depreciated value of improvements & fixtures	\$17,281	
Less adjusted improvement cost (inc. trade fixtures)		<u>(\$17,281)</u>
Excess		\$0
Premium		\$0

EXHIBIT "B"

Based on these calculations, the premium due the State is \$0.

Special Conditions and Limiting Assumptions

- 1) The subject property was not inspected by the staff appraiser.
- 2) This memo does not comply with USPAP and is to be used for determining the assignment premium due the State only.

Approved/Disapproved:

fw Ken C. Kowal
Laura H. Thielen, Chairperson

10/24/07
Date

cc: District Branch Files
Central Files